

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OIC-02 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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TAGS: EIND, EEC

SUBJECT: STATUS REPORT ON EC RAW MATERIALS POLICY

REF: A) EC BRUSSELS 3382; B) EC BRUSSELS 3209;
C) EC BRUSSELS 1369

1. SUMMARY: THE EC EFFORT TO DEVELOP A RAW MATERIALS POLICY IS GATHERING SPEED AS A COUNCIL WORKING GROUP AND THE COMMISSION ARE LOOKING MORE CLOSELY AT INDIVIDUAL COMMODITIES AND POLICY INSTRUMENTS. INTEREST SEEMS TO BE GROWING FOR AN EXTENSION OF STABEX. HOPES ARE THAT A POLICY FRAMEWORK WILL BEGIN TO CRYSTALLIZE BY ONE OF THE EC FOREIGN MINISTERS' COUNCILS IN JUNE, ALTHOUGH THE EC WILL HAVE TO HAVE SOME VIEWS FOR THE OECD MINISTERIAL IN LATE MAY. END SUMMARY.

2. CONTACTS IN THE EC COMMISSION AND PERMANENT REPRESENTATIONS SAY THAT THE PACE OF THE DEVELOPMENT OF AN EC RAW MATERIALS POLICY IS BEGINNING TO PICK UP. IN RESPONSE TO REQUESTS MADE BY THE EC COUNCIL AT ITS APRIL 14-15 SESSION (SEE REFTEL A),
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AN AD HOC COUNCIL WORKING GROUP RECENTLY ESTABLISHED TO DEAL

WITH OVERALL RAW MATERIALS POLICY ISSUES, HAD A WIDE RANGING DISCUSSION ON APRIL 28 AND EC COMMISSION OFFICIALS ARE TRYING TO PREPARE BY MAY 12 AN ANALYSIS OF INDIVIDUAL COMMODITIES.

3. REGARDING THE COUNCIL ACTIVITIES, THE AD HOC GROUP'S DISCUSSION ON APRIL 28 WAS AIMED AT ARRIVING AT GENERAL GUIDELINES FOR A RAW MATERIALS POLICY THAT THE EC COULD PURSUE AT FORTHCOMING INTERNATIONAL MEETINGS (OECD, UNCTAD, UNGA 7TH SS). THE GROUP IS LOOKING SPECIFICALLY AT SUCH THINGS AS THE PROCESSING OF RAW MATERIALS IN PRODUCER COUNTRIES, COMMODITY AGREEMENTS, BUFFER STOCKS AND THE EXTENSION OF STABEX. ALTHOUGH NO AGREEMENT WAS REACHED, ONE SOURCE TOLD US THAT GERMAN, ITALIAN AND UK REPRESENTATIVES SEEMED TO FIND GREATER MERIT IN EXPORT EARNINGS STABILIZATION (STABEX) THAN COMMODITY PRICE STABILIZATION. THERE WAS A FEELING THAT PRICE STABILIZATION WOULD REDOUND TO THE BENEFIT OF DEVELOPED RATHER THAN DEVELOPING COUNTRIES AND THAT EARNINGS OF THE POORER LDCS WOULD NOT BE ENHANCED.

4. THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER), IS EXPECTED TO HAVE A BRIEF DISCUSSION OF RAW MATERIALS ON APRIL 30. THE EC FOREIGN MINISTERS COUNCIL AT ITS SESSION ON MAY 5/6 WILL REVIEW THE PROGRESS OF WORK ON RAW MATERIALS AND HEAR FROM THE UK ON THE COMMONWEALTH MEETING IN KINGSTON. THE MORE IMPORTANT DATES IN THE COMMUNITY CALENDAR WILL BE THE NEXT AD HOC GROUP MEETING ON MAY 13 AS WELL AS ONE OF THE EC FOREIGN MINISTERS COUNCILS TENTATIVELY SCHEDULED FOR JUNE 3 AND JUNE 24. THERE ARE HOPES THAT A CLEARER EC POLICY FRAMEWORK WILL CRYSTALLIZE BY JUNE. THE COMMISSION AT ITS MAY 21 SESSION WILL TRY TO DEFINE ITS INITIAL POSITIONS SO AS TO BE READY FOR THE IEA/OECD MINISTERIALS THE FOLLOWING WEEK.

5. TO BACK UP COUNCIL DELIBERATIONS, THE COMMISSION HAS UNDERTAKEN TO FURTHER ITS STUDIES ON INDIVIDUAL COMMODITIES (SEE REFTEL C). A PAPER TREATING A LONG LIST OF MINERAL AND AGRICULTURAL COMMODITIES IS DUE BY MAY 12 BUT ONE OFFICIAL EXPECTS THAT ONLY THE FOLLOWING COMMODITY ANALYSES WILL BE READY BY THEN: COPPER, LEAD AND ZINC, TUNGSTEN, ALUMINUM, PHOSPHATES, PLATINUM, PULP AND PAPER. THE COMMISSION WILL BE STUDYING EC CONSUMPTION, SOURCES OF SUPPLY (DEVELOPED COUNTRIES, LDCS, LIMITED OFFICIAL USE

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ACP STATES) TOTAL COST OF IMPORTS, ETC. THEY WILL ALSO BE LOOKING AT COSTS OF "SECURITY" STOCKS, COSTS OF BUFFER STOCKS AND COSTS OF EXPANDED STABEX ARRANGEMENTS.

6. A CONVERSATION WITH WELLENSTEIN, EC COMMISSION DIRECTOR GENERAL FOR EXTERNAL AFFAIRS, ON ENERGY AND RAW MATERIAL ISSUES, IS BEING REPORTED SEPTEL.GREENWALD

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